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T H E B E E F C A T T L E S I T U A T I O N  
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Summary

The outlook for cattle prices during the late summer and fall months has been improved somewhat by prospects for some pick-up in industrial activity and in consumer demand, the Bureau of Agricultural Economics states.

The seasonal advance in prices of the better grades of slaughter cattle during the remainder of the summer and early fall may be greater than was expected earlier. But supplies of well-finished cattle will be larger and consumer income smaller during this period than a year earlier. Hence, prices of the better grades of slaughter cattle are not likely to reach the unusually high levels of the late summer and early fall of 1937. But in late 1938 and early 1939, if business conditions improve, prices of such cattle may average somewhat higher than a year earlier.

With abundant supplies and relatively low prices of feed, and with generally favorable range and pasture conditions, there is likely to be a greater-than-usual tendency to withhold cows, heifers, and calves as replacement stock in nearly all areas during the summer and fall. Hence, the decline in prices of the lower grades of cattle, which usually occurs with seasonally increased supplies, may not be very marked this year. Present conditions indicate that supplies of feed grains and hay per animal next winter will again be considerably above average.

Prices of the better grades of slaughter steers and heifers advanced sharply in late June and early July, reaching new high levels for the year, but remaining considerably below prices of a year earlier. This advance apparently reflected a seasonal strengthening in demand for the better grades of cattle. Prices of the lower grades remained comparatively steady during June and early July.

#### REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- The sharp decline in prices of the better grades of slaughter cattle beginning in October 1937 was halted in early February 1938. After recovering somewhat, prices of such cattle remained relatively stable from late February through April and advanced moderately in May. Prices of the lower grades of slaughter cattle, after declining moderately in late 1937, remained steady from January through March, advanced seasonally in April, and were well maintained in May.

With a fairly strong replacement demand, prices of stocker and feeder cattle advanced moderately during the first 5 months of 1938, and averaged only slightly lower for the period than a year earlier. The average price paid by packers for slaughter cattle from January through May, however, was 11 percent lower than in the corresponding period of 1937, although the total live weight of inspected cattle slaughter was about the same. Weakness in consumer demand for meats and in hide prices were the factors chiefly responsible for the generally lower level of prices of slaughter cattle during the first 5 months this year.

#### Cattle price steady in June, advance in early July

Prices of the better grades of slaughter steers and heifers remained steady during most of June at the levels reached in late May. But in late June and early July a sharp advance occurred, apparently reflecting a seasonal strengthening in demand for such cattle and a somewhat improved outlook for business conditions. For the week ended July 16, prices of good grade slaughter steers at Chicago averaged \$10.06 per 100 pounds, nearly \$1 higher than in early June, about \$2.50 higher than at the low point in early February, and the highest weekly average for the year to date. Prices of such steers, however, were about \$4 below those of the corresponding week a year earlier.

Prices of most grades of slaughter cows also remained steady during June, averaging slightly higher for the month than in May. A moderate advance occurred in prices of such cattle in early July. The average price of good grade slaughter cows at Chicago for the week ended July 16 was \$7.52, about 40 cents higher than a month earlier and about \$1.50 higher than at the low point in early February. But prices of such cattle, in early July, remained about \$1 lower than those of a year earlier. Prices of cutter cows tended to decline seasonally in June, but recovered most of the loss in early July.

The demand for stocker and feeder cattle apparently weakened somewhat in June. Shipments of such cattle and calves from 12 markets to the country were smaller than in May, and prices declined slightly during the month. This decline, however, was less than seasonal. Prices of stocker and feeder steers, all weights, at Kansas City in June averaged about \$7.50, approximately 20 cents lower than in May, and about 35 cents lower than in June a year earlier.

Shipments of stocker and feeder cattle from 12 markets to the country, from January through June, totaled about 700,000 head, 7 percent more than such shipments a year earlier.

#### Slaughter supplies increase in June

The number of cattle slaughtered under Federal inspection in June totaled 812,000 head, 6 percent more than a month earlier, but 3 percent less than in June 1937. During the first half of 1938, inspected cattle slaughter was about 2 percent less than in the corresponding period a year earlier, with more steers but fewer cows and heifers in the slaughter supply. Because of the increase in average weights and dressing yields, however, the total dressed weight of inspected cattle slaughter was slightly larger than during the first 6 months of last year.

The increase in the number slaughtered from May to June apparently was made up largely of grain-fed cattle. Marketings at Chicago of such cattle from the Corn Belt were much larger in June than a year earlier. But marketings of grass cattle from the Corn Belt and of western cattle were smaller than in June last year.

The number of calves slaughtered under Federal inspection in June, totaling 475,000 head, was 5 percent smaller than a month earlier and 18 percent smaller than the record large slaughter in June 1937. During the first half of 1938, inspected calf slaughter was 14 percent smaller than in the corresponding period of last year.

From January through May, the number of cows and heifers slaughtered under Federal inspection totaled 7 percent less than a year earlier. Inspected steer slaughter, however, was 5 percent larger than that of a year earlier.



Range and pasture conditions continue good

Pastures are reported to be good to excellent in nearly all parts of the country. Late June and early July rains improved western ranges and pastures that were dry in early June. Range feed during June was ample except in parts of New Mexico and Arizona. In the Great Plains States there has been some local demand for cattle for restocking purposes, but the movement of such cattle into areas seriously affected by drought in recent years is reported to be comparatively small.

Large supply of winter feed in prospect

The July 1 crop report indicated that production of feed grains in 1938 may total somewhat less than last year's fairly large production, but more than the average for the 10 years, 1927-36. The carry-over of feed grains on July 1 was of near-record proportions. Hence, total supplies of feed grains during the coming winter may be somewhat larger than those of a year earlier, depending, however, on weather conditions during the remainder of the growing season. With an estimated net increase of about 5 percent in the number of grain-consuming animals on farms during 1938, supplies of feed grains per animal next winter may be as large as the unusually large supplies in 1937-38.

Production of hay is expected to total nearly 90 million tons this year, about 10 million tons above average. With the large carry-over of last year's hay, supplies per animal to be wintered probably will be larger than in any of the past 30 years except 1927.

Cattle imports reduced sharply in May

Imports of cattle from Canada and Mexico in May were about 45 percent smaller than in April. Imports from all countries for the month totaled 49,000 head compared with 90,000 head in April and 70,000 head in May last year. Imports of cattle weighing between 175 and 700 pounds from Mexico, nevertheless, were slightly larger in May than a year earlier. In April, imports of such cattle from Mexico were more than twice as large as those of April 1937.

For the first 5 months of 1938, imports of cattle from all countries totaled 229,000 head, 16 percent less than in the corresponding period a year earlier and 4 percent less than 2 years earlier. Imports from Canada from January through May, totaling 51,000 head, were 60 percent smaller than for the same months last year. But imports from Mexico, totaling 178,000 head, were 23 percent larger, with most of the increase occurring in light, non-quota cattle, imported chiefly for further grazing and feeding in this country. The relatively strong demand for steer and feeder cattle in the United States, and the decline in the exchange value of Mexican currency, apparently were factors responsible for the increase in imports of such cattle from Mexico this year compared with last.

Imports of cattle and beef from all countries, January-May,  
1937 and 1938

Period	Cattle		Canned		Fresh beef		Pickled or cured	
	and calves		beef		and veal		beef and veal	
	1937	1938	1937	1938	1937	1938	1937	1938
			1,000	1,000	1,000	1,000	1,000	1,000
	Number	Number	pounds	pounds	pounds	pounds	pounds	pounds
Jan. - Mar. ....	144,639	90,396	11,808	12,238	1,168	492	365	214
Apr. ....	57,228	89,753	10,446	8,940	222	117	151	87
May .....	70,414	49,102	8,028	9,673	277	93	66	146
Jan. - May 1/	272,281	229,251	30,281	30,852	1,667	702	583	448

United States Department of Commerce.

1/ Totals of unrounded figures.

Imports of canned beef during the first 5 months of 1938 totaled slightly larger than in the first 5 months of 1937. But imports of fresh, pickled, and cured beef and veal during this period were smaller. Total imports of cattle and calves, and beef and veal from January through May, on a dressed weight basis, were equivalent to 5.6 percent of the dressed weight of cattle and calves slaughtered under Federal inspection compared with 6.7 percent last year.

#### OUTLOOK

In the June issue of this report the following indications were given with respect to slaughter supplies and prices of cattle during the summer and fall months:

1. The number of cattle slaughtered during the second half of 1938 may not be greatly different from that in the second half of 1937. Calf slaughter, however, will be much smaller. More steers but fewer cows and heifers will be slaughtered than in the corresponding period a year ago.

2. Monthly steer slaughter during the summer and early fall months probably will not be much larger than in the spring. Although the number of well-finished, grain-fed steers is expected to increase seasonally during the summer months, this increase is likely to be largely offset by a seasonal reduction in marketings of other slaughter steers.

3. During the summer and early fall, prices of grain-fed steers and heifers may advance seasonally. But this advance may not be marked nor maintained for long in view of prospects for continued weakness in the consumer demand for meats.

4. With a seasonal increase in slaughter supplies of cows and heifers in prospect for the summer and early fall months, prices of the lower grades of slaughter cattle are likely to decline in that period.

5. The demand for stocker and feeder cattle probably will continue relatively strong during the next several months if conditions for feed crops and pastures in the Corn Belt and other important feeding areas remain favorable.

#### Outlook improved by change in business situation

In view of the recent change in the business situation, with a moderate improvement generally expected during the fall and early winter months, it seems likely that the seasonal advance in prices of the better grades of slaughter cattle during the summer and early fall may be more marked and sustained for a longer time than was anticipated earlier. But prices of such cattle are not likely to reach the unusually high levels of the late summer and early fall a year ago. During the next few months at least, supplies of well-finished, grain-fed cattle will be considerably larger and consumer income smaller than in the corresponding period of 1937. Although some seasonal decline in prices of the better grades of cattle usually occurs in the late fall and early winter months, it seems probable that with some improvement in industrial activity and consumer income during the next 6 months the decline this year will not carry prices of such cattle in late 1938 and early 1939 to as low a level as was reached in the corresponding period of 1937-38.

With abundant supplies and relatively low prices of feed, and with generally favorable range and pasture conditions, there is likely to be a greater-than-usual tendency to hold cows, heifers, and calves as replacement stock in nearly all areas during the summer and fall. Hence, the decline in prices of the lower grades of cattle, which usually occurs with seasonally increased supplies, may not be very marked this year.



Price per 100 pounds of cattle and calves, June 1938, with comparisons

Item	: June : average : 1924-33	: June : 1936	: June : 1937	: Apr. : 1938	: May : 1938	: June : 1938
	: Dollars	: Dollars	: Dollars	: Dollars	: Dollars	: Dollars
Beef steers sold out of first hands at Chicago:						
Choice and Prime .....	10.83	8.47	13.59	9.43	9.55	10.06
Good .....	10.10	7.80	11.96	8.49	8.69	9.15
Medium .....	9.23	7.26	10.25	7.82	7.88	8.27
Common .....	7.96	6.47	8.56	7.08	7.07	7.18
All grades .....	9.87	7.86	12.11	8.63	8.82	9.50
Cows, Chicago:						
Good .....	<u>1/</u> 7.07	5.78	8.14	6.92	6.90	7.12
Low cutter and cutter .....	<u>2/</u> 4.19	4.20	4.88	4.84	4.86	4.79
Vealers, Chicago:						
Good and Choice .....	9.93	9.07	9.20	8.48	8.62	8.50
Stocker and feeder steers, Kansas City:						
500-800 pounds,						
Good and Choice .....	<u>3/</u>	7.34	8.10	7.68	8.02	8.04
800-1050 pounds,						
Good and Choice .....	<u>3/</u>	6.98	8.75	7.58	7.84	7.96
Average price paid by packers-						
Cattle .....	8.01	6.38	8.26	7.27	7.36	
Calves .....	8.78	7.50	8.02	7.99	7.84	
Average wholesale prices of packer hides, Chicago: <u>4/-</u>						
Heavy native steers .....	14.04	12.50	16.62	9.50	9.50	9.38
Light native cows .....	13.58	11.31	15.50	8.47	8.80	9.03

1/ Good and Choice, 1924-27.

2/ Canner and Cutter, 1924 - June 1926.

3/ Not available.

4/ 1924-37 from annual reports of the Chicago Board of Trade;  
1938 from the National Provisioner, simple average of weekly quotations.

## Slaughter and market supplies of cattle and calves, specified periods

Item	Unit	Year		Month		
		Average:		June	May	June
		1924-33:	1937	1937	1938	1938
Slaughter under Federal inspection-:	:	:	:	:	:	:
Number slaughtered: <u>1/</u>	Thou-	:	:	:	:	:
Cattle .....	sands	8,850	10,070	840	772	816
Calves .....	do.	4,819	6,281	579	500	475
Beef steers sold out of first hands:	:	:	:	:	:	:
at Chicago:	:	:	:	:	:	:
Choice and Prime .....	do.	159	133	19	26	36
Good .....	do.	471	343	42	46	36
Medium .....	do.	416	190	7	15	7
Common .....	do.	105	61	4	2	2
All grades <u>2/</u> .....	do.	1,151	727	73	89	81
Receipts of cattle at seven	:	:	:	:	:	:
markets <u>3/</u> .....	do.	4,804	7,691	609	537	530
	:	:	:	:	:	:
	:	Year		Month		
	:	Average:		May	Apr.	May
	:	1924-33:	1937	1937	1938	1938
Slaughter under Federal inspection-:	:	:	:	:	:	:
Number slaughtered:	Thou-	:	:	:	:	:
Cows and heifers .....	sands	4,181	5,626	356	327	333
Steers .....	do.	4,340	4,037	355	395	404
Average live weight:	:	:	:	:	:	:
Cattle .....	Pound	953	899	899	925	922
Calves .....	do.	176	189	173	160	173
Average dressed weight:	:	:	:	:	:	:
Cattle .....	do.	516	470	481	507	505
Calves .....	do.	101	108	100	93	99
Total dressed weight:	:	:	:	:	:	:
Cattle .....	Mil.lb.	4,532	4,699	356	377	388
Calves .....	do.	487	675	56	47	50
Stocker and feeder shipments from	:	:	:	:	:	:
public stockyards: <u>5/</u>	Thou-	:	:	:	:	:
Cattle .....	sands	3,073	2,893	197	163	186
Calves .....	do.	365	578	42	39	32
Imports:	:	:	:	:	:	:
Cattle <u>6/</u> .....	do.	253	507	70	90	49
Canned beef <u>7/</u> .....	Mil.lb.: <u>8/</u>	36	88	8	9	10

1/ Bureau of Animal Industry.2/ Totals of unrounded numbers.3/ Chicago, Kansas City, Omaha, East St. Louis, St. Joseph, Sioux City and St. Paul.4/ Average 1929-33. 5/ Approximately 62 public stockyards prior to 1936,when the number was increased to 69. 6/ United States Department of Commerce.

General imports prior to 1934, beginning January 1, 1934, imports for consumption.

7/ United States Department of Commerce. Imports for consumption.8/ Figures include "other canned meats", prior to 1929.



